



**U.S. Department of Justice**

United States Attorney  
Northern District of Illinois

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**FORMER DIXON COMPTROLLER RITA CRUNDWELL PLEADS GUILTY TO  
FEDERAL FRAUD CHARGE, ADMITS STEALING \$53 MILLION FROM CITY**

ROCKFORD — The former comptroller of the City of Dixon, Ill., **Rita A. Crundwell**, pleaded guilty to a federal fraud charge today, admitting that she stole more than \$53 million from the city since 1990 and used the proceeds to finance her quarter horse farming business and lavish lifestyle. Crundwell pleaded guilty to one count of wire fraud and also agreed that she engaged in illegal money laundering as part of her plea agreement with the government.

Crundwell, 59, formerly of Dixon, faces a maximum sentence of 20 years in prison and a \$250,000 fine, or a fine totaling the greater of twice the gross gain or loss from her crime. The government anticipates that the advisory United States Sentencing Guidelines range will be 15 years and 8 months to 19 years and 7 months (188-235 months), while the defense position is that the advisory range is 12 years and 7 months to 15 years and 8 months (151-188 months). The plea agreement allows the government and defense attorneys to recommend whatever sentence they deem appropriate.

Crundwell remains free on her own recognizance pending sentencing, which Senior U.S. District Judge Philip G. Reinhard set for Feb. 14, 2013.

Crundwell agreed that she owes restitution to the city of Dixon totaling \$53,740,394, minus any credit for funds repaid prior to sentencing. She also agreed to the entry of a forfeiture judgment in the same amount. Since she was arrested on April 17 this year, Crundwell has agreed to the liquidation of assets that she had acquired with proceeds from her decades-long fraud scheme. To date, the United States Marshals Service has recovered approximately \$7.4 million from the online and live auctions of approximately 400 quarter horses, vehicles, trailers, tack, and a luxury motor home, with additional auctions of personal belongings and real property in Illinois and Florida still pending. The net proceeds from the forfeited property will be held in escrow pending further proceedings on restitution to the victim of the offense. Under federal law, the government may continue to seek additional assets of a defendant and obtain restitution for up to 20 years after a defendant is released from prison.

“Since the outset of this case, we have used every available means, including both criminal and civil forfeiture proceedings, to ensure the recovery of as much money as possible for the City of Dixon, its residents and taxpayers,” said Gary S. Shapiro, Acting United States Attorney for the Northern District of Illinois.

Mr. Shapiro praised the FBI agents who conducted the investigation and the U.S. Marshals Service for its efficient management of the seized assets. He announced the guilty plea with William C. Monroe, Acting Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation, and Darryl McPherson, United States Marshal for the Northern District of Illinois.

Dixon, with a population of approximately 15,733, is located about 100 miles southwest of Chicago. Crundwell served as comptroller and handled all of the city’s finances from 1983 until she was arrested in April.

According to the plea agreement, on Dec. 18, 1990, Crundwell opened a bank account, which she alone controlled, in the name of the City of Dixon and RSCDA, known as the RSCDA account. Between December 1990 and April 2012, Crundwell used her position as comptroller to transfer funds from Dixon's Money Market account to its Capital Development Fund account, as well as to various other city bank accounts. She then repeatedly transferred city funds into the RSCDA account and used the money to pay for her personal and private business expenses, including horse farming operations, personal credit card payments, real estate and vehicles.

As part of the fraud scheme, Crundwell created fictitious invoices purported to be from the State of Illinois to show the city's auditors that the funds she was fraudulently depositing into the RSCDA account were being used for a legitimate purpose. In one instance, described in the plea agreement, on Sept. 8, 2009, Crundwell wrote checks for \$150,000 and \$200,000 drawn on two of the city's multiple bank accounts. She deposited both checks into Dixon's Capital Development Fund account and, later the same day, wrote a check for \$350,000 payable to "Treasurer" and deposited that check into her secret RSCDA account. Crundwell created a fictitious invoice to support the payment of \$350,000 to the State of Illinois that falsely indicated the payment was for a sewer project in Dixon that the state completed. Later on Sept. 8, 2009, Crundwell wrote a check drawn on the RSCDA account for \$225,000, which she deposited into her personal RC Quarter Horses account. She used that money to cover a \$225,000 check, dated Sept. 1, 2009, drawn on the RC Quarter Horses account to purchase a quarter horse named Pizzazzy. The purchase check would not have cleared if Crundwell had not deposited \$225,000, using city funds, into her horse account on Sept. 8.

To conceal the scheme, Crundwell told city officials that the city's budgetary shortfalls were due to the state being late in its payment of tax revenue to the city, knowing instead she had fraudulently transferred the city's funds for her own use. Crundwell picked up the city's mail, including bank statements for the RSCDA account, to conceal the scheme and prevent other employees from learning about the secret account. When she was away, she asked a relative or other city employees to pick up the mail and separate any of her mail, including the statements for the RSCDA account, from the rest of the city's mail.

Dixon's mayor reported Crundwell to law enforcement authorities in the fall of 2011 after another city employee assumed her duties during an extended unpaid vacation. Crundwell, whose annual salary was \$80,000 annually at the time, received four weeks of paid vacation and she took an additional 12 weeks of unpaid vacation in 2011. While Crundwell was absent, her replacement requested all of the city's bank statements. After reviewing them, the employee brought the records of the RSCDA account to the attention of the mayor, who was unaware of the account's existence.

While serving as Dixon's comptroller, Crundwell also owned RC Quarter Horses, LLC, and kept her horses at her ranch on Red Brick Road in Dixon and the Meri-J Ranch in Beloit, Wis., as well as with various trainers across the country. In addition to the horses and all of their equipment, among the assets seized or restrained were Crundwell's two residences and horse farm in Dixon, a home in Englewood, Fla., 80 acres of vacant land in Lee County, a 2009 luxury motor home, more than a dozen trucks, trailers and other motorized farm vehicles, a 2005 Ford Thunderbird convertible, a 1967 Chevrolet Corvette roadster, a pontoon boat, jewelry, and approximately \$224,898 in cash from two bank accounts.

The government is represented by Assistant U.S. Attorneys Joseph C. Pedersen and Scott Paccagnini.

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